



IOWA FINANCE
AUTHORITY

HOME PROGRAM HOMEBUYER GUIDE

TABLE OF CONTENTS

SECTION 1. INTRODUCTION	1
A. HOME Allocation Staff.....	1
SECTION 2. GENERAL INFORMATION	2
A. Eligible Project Types.....	2
B. Eligible Property Types	2
C. Forms of Ownership.....	2
D. Eligible Homebuyer Housing Costs.....	3
E. Income Targeting	3
F. Maximum/Minimum HOME Assistance Per Unit	3
G. Expenditure Timeframes	3
H. Match	3
I. Property Standards	4
J. Property Values.....	4
K. Long-Term Affordability	4
L. Breach of Contract	4
M. General Administration Vs. Technical Services	4
1. General Administration	4
2. Technical Services.....	5
N. Audit/Financial Statement	5
1. Audit (For Local Government and Non-Profit Organizations).....	5
SECTION 3. FEDERAL CROSS-CUTTING MEASURES	7
A. Summary of Other Cross-Cutting Measures	7
B. Acquisition and Relocation.....	8
C. Civil Rights and Fair Housing.....	8
1. Affirmatively Furthering Fair Housing.....	8
2. Affirmative Action in Soliciting Minority/Women Business Enterprises.....	9
3. Section 504 of the Rehabilitation Act of 1973/Americans w/Disabilities Act.....	9
D. Environmental Review.....	9
1. Tiering (24 CFR Part 58.15).....	10
2. Incurring Costs (24 CFR Part 58.22).....	10
3. Project Aggregation (24 CFR Part 58.32)	11
4. Environmental Review Record (24 CFR Part 58.38)	11
5. Related Federal Laws and Authorities (24 CFR Part 58.5)	11
6. Other Requirements (24 CFR Part 58.6)	12
7. Categorical Exclusions (24 CFR Part 58.35)	12
E. Labor Standards.....	14
1. Contractor Eligibility	14
2. Federal Contract Provision Language.....	14
F. Lead Safe Housing.....	14
1. Regulations.....	14
2. Lead Professionals Needed to Implement the HUD Regulations.....	15
3. Cleaning and Clearance Testing.....	15
G. Procurement and Conflict of Interest.....	15
1. Procurement	15
2. Conflict of Interest.....	15

3. Minority or Women-Owned Businesses	16
H. Special Requirements for Local Governments	16
SECTION 4. AFTER RECEIPT OF AWARD	17
A. Award Letter	17
B. Attend Meetings/Training Sessions	17
C. Read HOME Homebuyer Guide	17
D. Contract Documents	17
E. Begin Environmental Review Process	17
F. Notice to Proceed	17
G. Administration Plan	17
H. Affirmative Fair Housing Marketing Plan	17
I. Procure General Administration Services and Technical Services	17
SECTION 5. PREPARATION AND SUBMITTAL OF DRAWS	18
A. General Information	18
B. Items Needed Prior to First Draw	18
C. Submittal of Draws for Regular Funds	18
1. Complete Homebuyer Set-Up Form for Each Address/Activity for the Project.	18
2. Complete Draw Request Form (Regular Funds) for Address/Activity	18
3. Submit Documents to IFA Project Manager	19
D. Submittal of Draws for Administration Funds	19
1. Completed Draw Request Form (Administration Funds)	19
2. Submit Documents to IFA Project Manager	19
SECTION 6. MONITORING REVIEW	20
SECTION 7. CLOSEOUT PROCESS	21
A. Match	21
B. Final Allocation Compliance Letter	21

SECTION 1. INTRODUCTION

Planning, administering and operating an affordable housing activity is a rewarding but challenging venture. The federal regulations relating to the HOME Investment Partnership Program (HOME) can be very complex. The Iowa Finance Authority (IFA), provides subrecipients with this HOME Program Homebuyer Guide (Guide) as a tool to help them manage their HOME award and to assist them in staying in compliance with applicable requirements. This Guide is not a stand-alone document and needs to be utilized with other HOME sources of information for state and federal regulations. HUD regulation sections cited in this document refer to HUD Regulations 24 CFR (Code of Federal Regulations).

IFA's website lists a vast amount of information, regulations, forms, and announcements regarding the HOME Program and is one of the best tools available for subrecipients. The forms cited in this Guide are highlighted with a **yellow text highlight**. The state and federal HOME rules along with many of the documents referenced in this Guide can be found on the website at: www.iowafinanceauthority.gov

A. HOME ALLOCATION STAFF

Name/Title	Contact Info.	Resource
Carolann Jensen Chief Programs Officer	515-725-4955 Carolann.jensen@iowa.gov	Program Administration
Rita Eble HOME Team Leader Project Manager	515-250-3217 Rita.eble@iowa.gov	Project Manager Environmental
Jerry Floyd Project Manager	515-725-4907 Jerry.floyd@iowa.gov	Project Manager Relocation
Joanna Wilson Assistant General Counsel	515-725-4987 Joanna.wilson@iowa.gov	Contracts
Nancy Peterson	515-402-7563 Nancy.peterson@iowa.gov	Affirmative Fair Housing Marketing Plan Civil Rights/Fair Housing Specialist
Connie Bryant	515-725-4973 Connie.bryant@iowa.gov	Administration
Christine Zimmerman	515-725-4982 Christine.zimmerman@iowa.gov	Program Assistant Contractor Eligibility Clearance

SECTION 2. GENERAL INFORMATION

A. ELIGIBLE PROJECT TYPES

- Acquisition Assistance - Provides down payment or closing cost assistance.
- Acquisition and Rehabilitation - Provides acquisition and rehabilitation assistance for a home after it has been purchased.

As a general rule, students are not considered eligible tenants unless they meet HUD's student exception rule. If you have any questions, please contact IFA.

B. ELIGIBLE PROPERTY TYPES

Eligible property types include any property that will serve as the homebuyer's principal residence including:

- Single family property (one unit)
- A two- to- four unit property
 - Unit must be the principal residence of the homebuyer, the long term affordability requirements apply to the assisted homebuyer unit only.
 - If the HOME funds are used to help a homebuyer acquire one or more rental units along with the homebuyer unit, the HOME rental affordability requirements apply to the rental units.
 - Recapture requirements will be imposed on all of the units (owner and rental).
- A condominium unit
- A cooperative unit or a unit in a mutual housing project as long as recognized as homebuyer by state law
- A manufactured home
 - The manufactured home must be connected to permanent utility hook-ups.
 - The manufactured home must be located on land that is owned by the homebuyer or on land for which the homebuyer has a lease for a period at least equal to the applicable affordability period.

C. FORMS OF OWNERSHIP

Homebuyer means ownership in fee simple title or a 99-year leasehold in a dwelling or in a condominium unit, or ownership or membership in a cooperative unit. Homebuyer interest may be subject to the following:

- Mortgages, deeds or other debt instructions approved by IFA.
- Free of other encumbrances or restrictions that would impair the marketability of the homebuyer interest, other than the HOME restrictions on recapture.

D. ELIGIBLE HOMEBUYER HOUSING COSTS

HOME-ELIGIBLE HOMEBUYER HOUSING COSTS		
Hard Costs	Soft Costs	Relocation Costs
<ul style="list-style-type: none">• Acquisition of existing structures• Rehabilitation costs• Securing of buildings	<ul style="list-style-type: none">• Financing fees• Credit reports• Title binders and insurance• Surety fees• Recordation fees, transaction taxes• Legal and accounting fees, including cost certification• Appraisals• Architectural/engineering fees, including specifications and job progress inspections• Environmental investigations• Affirmative marketing and marketing costs• Homebuyer counseling provided to purchasers of HOME-assisted housing• Staff and overhead costs incurred by the subrecipient that are directly related to a specific project	<ul style="list-style-type: none">• Replacement housing, moving costs and out-of-pocket expenses• Advisory services• Staff and overhead related to relocation assistance and services

E. INCOME TARGETING

The homebuyer must be a low-income household and must have a gross annual income that does not exceed 80% of the HOME income limits. An application for a homebuyer assistance activity must stipulate that homebuyer assistance is for first-time homebuyers only and that the assisted unit will remain as the assisted homebuyer's principal residence throughout the required affordability.

F. MAXIMUM/MINIMUM HOME ASSISTANCE PER UNIT

The maximum HOME assistance per unit subsidy for all single family activities involving rehabilitation is \$37,500. The \$37,500 per unit limit includes all applicable costs inclusive, but not limited to, the hard costs of rehabilitation or the acquisition subsidy or both; homebuyer assistance activities; technical services costs, including lead hazard reduction carrying costs; lead hazard reduction costs; and temporary relocation. All rehabilitation hard costs funded with HOME funds are limited to \$24,999. All applicable technical services costs, including any lead hazard reduction carrying costs, are limited to \$4,500 per unit.

For all single family housing projects assisting homebuyers, the only form of HOME funds assistance to the end beneficiary is a forgivable loan.

The minimum HOME down payment assistance is \$1,000 per unit.

G. EXPENDITURE TIMEFRAMES

The subrecipient has 24 months from the contract effective date to expend all awarded HOME funds unless an amendment to the contract for a time extension is approved.

H. MATCH

IFA encourages match and as the HOME Program becomes more competitive, match may become more important. Match pledged on the subrecipient's application should be reflected in the **HOME Match Report** submitted at closeout. Failure to provide pledged match may result in

ineligibility for future funding.

I. PROPERTY STANDARDS

All assisted properties must meet either the local jurisdiction's housing code or **Iowa's Minimum Housing Rehabilitation Standards** (IMHRS). The property must be free from any defects that pose a danger to the health or safety of occupants at the time of initial occupancy.

J. PROPERTY VALUES

All homebuyer assistance requires an appraisal (typically from the participating principal mortgage lender involved). The purchase price or the after-rehab value of a property cannot exceed the Maximum Purchase Price or After-Rehab Value Limits.

The after rehabilitation value determination, per an appraisal, needs to be completed prior to commitment of funds. Project files must be documented with the after rehabilitation value.

K. LONG-TERM AFFORDABILITY

HOME-assisted units must remain affordable for a specified period of time that starts from the completion date entered in HUD's Federal IDIS computer system.

- Less than \$15,000/unit = 5 years
- \$15,000-\$39,999/unit = 10 years

The subrecipient will be required to verify the principal place of residency of the assisted homebuyers annually to IFA throughout the entire affordability period. IFA also requires the subrecipient to provide evidence of the homebuyer's property insurance.

L. BREACH OF CONTRACT

Any breach of contract provisions may result in the repayment of the subrecipient's HOME funds and may prevent future awards from IFA.

M. GENERAL ADMINISTRATION VS. TECHNICAL SERVICES

There are two types of administration costs associated with a HOME project:

1. GENERAL ADMINISTRATION

General administration is a separate activity contained in the subrecipient's approved budget and shown on Exhibit A of the HOME contract. General administration costs are paid out of the general administration funds line-item of the HOME application budget.

The following items are considered general administration costs (not all inclusive) and the activity must be an allowable cost per federal requirements:

- Overall project coordination. (e.g. establishing financial accounting documents and systems, management, internal controls and oversight responsibilities, etc.)
- General administration services. (e.g. third party contracts, accounting, legal, etc.)
- Reporting to IFA. (e.g. draw requests, etc.)
- Advertising and marketing (e.g. general information, public outreach) about the activity or project.
- Direct costs and salaries of the subrecipient's staff directly involved in the administration of the activity project.
- Indirect costs such as office space rent, utilities, insurance, supplies, etc.
- Costs incurred in the procurement of third party administrative services, technical services or in the procurement/purchase of any indirect costs noted above.
- Internal monitoring and oversight of funded project activities.
- Coordination and resolution of monitoring and/or audit issues.

- Audit costs.
- Environmental review. (overall project)
- Activities to affirmatively further fair housing. (in a general way)
- Preparation and adoption of the Administration Plan
- Processing of individual applications for assistance.*
- Third party verification of applicant's income.*
- Income eligibility determination and verification of applicants.*

*These could be performed as a general administration or a technical services expense.

2. TECHNICAL SERVICES (Project Specific)

Technical services are a part of the activity budget. Technical services for local government and non-profit entities must be procured through the federal procurement requirements if in-house paid staff does not perform the services. Technical services costs are billed to the activity line-item, not the general administration line-item. The types of technical services costs will vary from activity to activity (there is a cap of technical services of \$4,500 per HOME unit). The following items are considered technical services costs (not all inclusive) and the activity must be an allowable cost per federal requirements:

- All technical services necessary for individual, scattered site types of activities, whether accomplished internally with staff or contracted.
- Project specific architecture and engineering services.
- Processing of individual applications for assistance.*
- Third party verification of applicant's income.*
- Income eligibility determination and verification of applicants.*
- Activities to affirmatively further fair housing. (project specific)
- Underwriting costs and related fees associated with the financial assistance to individual projects.
- Project specific forms and documentation.
- Project specific environmental.
- Costs of procuring construction services.
- Relocation services.
- Homebuyer counseling.

*These could be performed as a technical services expense or a general administration expense.

N. AUDIT/FINANCIAL STATEMENT

1. AUDIT (FOR LOCAL GOVERNMENT AND NON-PROFIT ORGANIZATIONS)

The subrecipient's contract will contain language regarding federal audit regulations found in 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Financial Guidance. In addition, when the project is ready to close, IFA will issue an Audit Letter which will further mention audit requirements.

For local governments and non-profit organizations, the following applies:

- A **Single Audit Not Required Form** must be submitted for each fiscal year that the subrecipient expends up to \$750,000 in federal funds, part of which must be HOME funds.

- An audit must be submitted for each fiscal year that the subrecipient expends \$750,000 or more in federal funds, part of which must be HOME funds.
- The subrecipient must submit one copy of the applicable document for EACH contract and note the contract number it pertains to.
- IFA reserves the right to request additional information as needed.

SECTION 3. FEDERAL CROSS-CUTTING MEASURES

A. SUMMARY OF OTHER FEDERAL CROSS-CUTTING MEASURES

SUMMARY OF OTHER FEDERAL CROSS-CUTTING MEASURES			
Other Federal Requirements	Applies to Homebuyer Projects?	Special Issues/Considerations	Regulatory Citations and References
<i>Non-Discrimination and Equal Access Rules</i>			
Fair Housing and Equal Opportunity	Yes	Subrecipient must affirmatively further fair housing Particular attention should be paid to signs of discrimination in sale of properties.	<ul style="list-style-type: none"> • 92.202 • Title VI of Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) • Fair Housing Act (42 U.S.C. 3601-3620) • Executive Order 11063 (amended by Executive Order 12259) • Age Discrimination Act of 1975, as amended (42 U.S.C. 6101) • 24 CFR 5.105(a)
Affirmative Marketing	Yes	Affirmative Fair Housing Marketing Plan must be submitted to IFA	<ul style="list-style-type: none"> • 92.351
Handicapped Accessibility	Yes	Rehab properties may require modification.	<ul style="list-style-type: none"> • Section 504 of the Rehabilitation Act of 1973 (implemented at 24 CFR Part 8)
<i>Employment and Contracting Rules</i>			
Conflict of Interest	Yes	Contract includes language.	<ul style="list-style-type: none"> • 92.356 • 2 CFR Part 200
Equal Opportunity Employment	Yes	Contracts and subcontracts over \$10,000 should include language prohibiting discrimination.	<ul style="list-style-type: none"> • Executive Order 11246 (implemented at 41 CFR Part 60)
Minority/Women Employment	Yes	Must solicit Minority and Women Business Enterprises	<ul style="list-style-type: none"> • Executive Orders 11625, 12432 and 12138 • 24 CFR 85.36(e)
Debarred Contractors	Yes	Submit to IFA prior to signing a contract with the contractor/subcontractor.	<ul style="list-style-type: none"> • 24 CFR Part 5
<i>Environmental Requirements</i>			
Environmental Reviews	Yes	Level of review depends on the activity. Categorically excluded NOT subject to 58.5	<ul style="list-style-type: none"> • 92.352 • 24 CFR Part 58 • National Environmental Policy Act (NEPA) of 1969
Lead-Based Paint	Yes pre-1978 units	Provisions included in all contracts and subcontracts. Notices to purchasers and tenants. Visual assessment must be performed. Paint stabilization must be	<ul style="list-style-type: none"> • 92.355 • Lead Based Paint Poisoning Prevention Act of 1971 (42 U.S.C. 4821 et. seq.) • 24 CFR Part 35 • 982.401(j) (except paragraph 982.401(j)(1)(i))

		completed (if applicable). Safe work practices and clearance.	
Relocation	Yes	Required notifications to tenants. Required language in offers and contracts for acquisition of property.	<ul style="list-style-type: none"> • 92.353 • Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4201-4655) • 49 CFR Part 24 • 24 CFR Part 42 (subpart B) • Section 104(d) "Barney Frank Amendments"

B. ACQUISITION AND RELOCATION

Federal law and IFA require that all reasonable steps be taken to minimize the displacement of persons as a result of a development assisted with HOME funds. IFA has implemented the policy that only allows for the acquisition of owner-occupied and vacant homes in homebuyer projects. The acquisition of vacant homes is allowable if the owner can prove to IFA's satisfaction that a tenant was not displaced for the purpose of selling the home. The intention of this policy is to prevent situations where tenants will be displaced resulting in unanticipated expense for the homebuyer project.

C. CIVIL RIGHTS AND FAIR HOUSING

The purpose of Affirmative Fair Housing Marketing requirements is to promote a condition in which individuals of similar income levels in the same housing market area have available to them a like range of choices in housing, regardless of the individual's race, color, religion, sex, physical/mental disability, familial status or national origin. In addition, in Iowa you may also not discriminate based on creed, sexual orientation, gender identity and retaliation.

The subrecipient's contract will list several federal and state regulations related to civil rights, equal opportunity and fair housing. The Fair Housing Act prohibits discrimination in the sale, rental, financing or other services related to housing based upon the protected classes. If you participate in the HOME Program, you cannot be denied benefits or be subjected to discrimination based on the protected classes. Fair housing also applies to any program funded in whole or in part with federal funds. When the subrecipient signs the contract, it certifies that it will comply with the laws listed. If the subrecipient does not understand the requirements, it should request the full text of the regulation from IFA and consult with IFA's Civil Rights/Fair Housing Specialist to ensure compliance.

While some of the civil rights and fair housing regulations simply prohibit discrimination, others require the subrecipient to take some affirmative steps or action. These are addressed below.

1. AFFIRMATIVELY FURTHERING FAIR HOUSING

Title VIII of the Civil Rights Act of 1968 and Title I of the Housing and Community Development Act of 1974 require that subrecipients take some action to affirmatively further fair housing in their communities. This means the subrecipient must conduct outreach and informational efforts to those who are least likely to know about and apply for the housing assistance.

Refer to the following links on IFA's website for information and examples:

- [Affirmative Fair Housing Marketing Plan Form and Instructions \(Homebuyer\)](#)
- [IFA Affirmative Fair Housing Outreach Guide](#)
- [Equal Housing Opportunity Logo](#)
- [Federal Fair Housing Poster](#)

- Iowa Fair Housing Poster
- Iowa Hate Crime Poster
- Equal Access to Housing in HUD Programs-Regardless of Sexual Orientation or General Identity

When the homebuyer project is monitored, the assigned IFA Project Manager will review the actions that the subrecipient took to affirmatively further fair housing. The subrecipient should document those activities and the results.

a. Affirmative Fair Housing Marketing (AFHM) Plan

HOME subrecipients are required to develop an Affirmative Fair Housing Marketing Plan for the project.

Affirmative marketing analysis must be part of the marketing efforts to attract homebuyers to the project.

2. AFFIRMATIVE ACTION IN SOLICITING MINORITY/WOMEN BUSINESS ENTERPRISES

Executive Orders 11625, 12432 and 12138 generally require subrecipients to make every effort to solicit the participation of minority and women business enterprises (MBE/WBE) in their activities. Subrecipients must specify the outreach actions they will take to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, in all contracts.

The subrecipient should include qualified MBE's and WBE's on its solicitation lists and solicit their participation whenever they are potential sources of goods or services that the recipient needs. A searchable database of registered MBE's and WBE's is available at Department of Inspections and Appeals – Certified Targeted Small Business. When the homebuyer project is monitored, the assigned IFA Project Manager will review the actions that the recipient took to solicit MBE/WBE participation and the results.

3. SECTION 504 OF THE REHABILITATION ACT OF 1973/AMERICANS WITH DISABILITIES ACT (ADA)

Section 504 and the ADA require accessibility of HOME activities to persons with disabilities.

D. ENVIRONMENTAL REVIEW

The National Environmental Policy Act of 1969 (NEPA) establishes national policies, goals and procedures for protecting, restoring and enhancing environmental quality. HOME subrecipients must comply with this law and with related federal regulations, which are referenced in 24 CFR Part 58. The HOME subrecipient is responsible for evaluating how existing environmental conditions may impact the project and how its activity will affect the environment. The requirements are complex and summarized below.

Homebuyer acquisition with rehabilitation projects are Categorically Excluded Subject to Part 58.5. The subrecipient's project will fall under the categorically excluded subject to other laws and regulations as long as the project meets one of the following criteria:

- Acquisition, repair, improvement, reconstruction, or rehabilitation of public facilities ...
- Special projects directed to the removal of material and architectural barriers ...
- Rehabilitation of buildings and improvements when the following conditions are met:
 - In the case of a building for residential use (with one to four units), the density is not

- increased beyond four units, the land use is not changed, and the footprint of the building is not increased in a floodplain or in a wetland;
 - In the case of a multifamily...
 - In the case of non-residential...
- An individual action on up to four dwelling units where there is a maximum of four units on any one site. The units can be four one-unit buildings or one four-unit building or any combination in between; or
- An individual action on a project of five or more housing units developed on scattered sites when the sites are more than 2,000 feet apart and there are not more than four housing units on any one site.
- Acquisition (including leasing) or disposition of, or equity loans on an existing structure, or acquisition (including leasing) of vacant land provided that the structure or land acquired, financed, or disposed of will be retained for the same use.
- Combinations of the above activities.

If the activities in the subrecipient's project do not meet these standards, then the subrecipient will need to contact the assigned IFA Project Manager and the project will need to perform an environmental assessment according to the 24 CFR Part 58.36.

1. TIERING (24 CFR PART 58.15)

Homebuyer subrecipient shall tier their environmental reviews and assessments to eliminate repetitive discussions of the same issues at subsequent levels of review. Tiering is appropriate when there is a requirement to evaluate a policy or proposal in the early stages of development or when site-specific analysis or mitigation is not currently feasible and a more focused analysis is better done at a later date. The site specific review need only reference or summarize the issues addressed in the broader review. The broader review should identify and evaluate those issues relevant for the decision and exclude those issues not relevant to the policy, program or project under consideration. The broader review should also establish the policy, standard or process to be followed in the site specific review. The **Notice of Intent to Request Release of Funds (RROF)** with respect to the broader assessment shall include a summary of the assessment and identify the significant issues to be considered in site specific reviews. Subsequent site-specific reviews will not require notices or a Request for Release of Funds unless the certifying officer determines that there are unanticipated impacts or impacts not adequately addressed in the prior review.

2. INCURRING COSTS (24 CFR PART 58.22)

Completion of the environmental review process is mandatory before taking any action on a specific site, or making a commitment or expenditure of HUD or any other non-HUD project funds for property acquisition or transfer, rehabilitation, conversion, lease, repair or construction activities. 24 CFR Part 58.22 describes limitations on activities pending clearance as (a) neither a recipient nor any participant in the development process, including public or private non-profit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in 58.1(b) on an activity or project until HUD or the State has approved the subrecipient's Request Release of Funds (RROF) and the related certification from the responsible entity. In addition, until the RROF and the related certification have been approved, neither a recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a program listed in 58.1(b) if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives."

The only things that can be initiated prior to IFA releasing funds are contracting for grant administration, preliminary architectural/engineering fees, and costs associated with the environmental review process. Keep in mind, even these exempt costs can only be incurred after the effective date of the contract. No costs incurred or obligated prior to the contract effective date are allowable HOME costs and could result in the loss of the subrecipient's HOME award.

For all other activities, subrecipients cannot obligate or incur costs or draw down funds until the environmental review requirements are satisfied and IFA has released funds for the project.

3. PROJECT AGGREGATION (24 CFR PART 58.32)

Subrecipients must group together and evaluate as a single project all individual activities which are related either on a geographical or functional basis, or are logical parts of a composite of contemplated actions. When grouping activities, the subrecipient should be aware that several sites, each requiring some degree of environmental review, actually might be considered one project (e.g. 40 units being rehabilitated within a target area). The subrecipient is well served by grouping activity by projects, common locations and functions and activity phasing. Some factors can be considered on an activity-wide basis, while others require site-by-site analysis.

4. ENVIRONMENTAL REVIEW RECORD (24 CFR PART 58.38)

Each HOME activity or project must have a written record of the environmental review process. This is the Environmental Review Record (ERR), which must be available for public review. The ERR must contain a description of the activity and its project's determination of level of review (Attachment 3); a map of the activity/project area; documentation of compliance with environmental laws; other relevant documents, notices or information; and public comments on the subrecipient's environmental review. Public comments – and the subrecipient's responses to those comments – are extremely important and must be documented in the ERR. The ERR will vary in length and content by activity or project.

5. RELATED FEDERAL LAWS AND AUTHORITIES (24 CFR PART 58.5)

In addition to following NEPA procedures and assessing the impact of the activity on the human environment (an integral part of the NEPA process), subrecipients must certify that they are in compliance with the following related laws and authorities:

a. Historic Preservation

- The National Historic Preservation Act of 1966, particularly Sections 106 and 110.
- Executive Order 11593, Protection and Enhancement of the Cultural Environment.
- Federal historic preservation regulations as follows: 36 CFR Part 800.
- The Reservoir Salvage Act of 1960 as amended by the Archeological and Historic Preservation Act of 1974.
- IFA and the Iowa State Historical Preservation Office (SHPO) developed a Programmatic Agreement (PA). It has been determined that certain types of undertakings normally do not "impact" historic properties, and consequently that consultation with the Iowa SHPO for such undertakings is deemed to be unnecessary provided that all of the qualifying criteria are met.

b. Floodplain Management and Wetland Protection

- Executive Order 11988, Floodplain Management (24 CFR Part 55).

- Executive Order 11990, Protection of Wetlands (24 CFR Part 55)

NOTE: The Iowa Finance Authority does not allow single family housing to be located within a floodplain or wetland.

- c. Water Quality: Safe Drinking Water Act (not applicable to Iowa)
 - Coastal Zone Management Act of 1972.
- d. Sole Source Aquifers (not applicable to Iowa)
 - The Safe Drinking Water Act of 1974.
 - Sole Source Aquifers.
- e. Species Endangered
 - The Endangered Species Act of 1973 (50 CFR Part 402).
- f. Wild and Scenic River (not applicable to Iowa)
 - The Wild and Scenic Rivers Act of 1968.
- g. Air Quality
 - The Clean Air Act.
 - Determining Conformity of Federal Action to State or Federal Implementation Plans (40 CFR Parts 6, 51, and 93).
- h. Farmlands Protection
 - Farmland Protection Policy Act of 1981.
 - Farmland Protections Policy (7 CFR Part 658)
- i. Noise
 - Noise Control Act (24 CFR Part 51, Subpart B).
The subrecipient shall submit a signed and completed **Information Sheet A, Noise Assessment Guidelines** to ensure compliance with 24 CFR Part 58.5(i) and 51(b).
- j. Environmental Justice Executive Order 12898
- k. Man-Made Hazards
 - HUD Environmental Standards (24 CFR Part 51, Subpart C and D).
6. OTHER REQUIREMENTS (24 CFR Part 58.6)
 - Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4001 to 4128)
 - Where a community is participating in the National Flood Insurance Program
 - Section 582 of the National Flood Insurance Reform Act 1994 (43 U.S.C. 5154a)
 - Coastal Barrier Resources Act, as amended by the Coastal Barrier Improvement Act of 1990 (16 U.S.C. 3501)
 - Runway Clear Zone or Clear Zone, as defined in 24 CFR Part 51.
7. CATEGORICAL EXCLUSIONS (24 CFR PART 58.35)
Environmental Review Process Flowchart

Categorical exclusions are those activities that are not exempt and require no environmental assessment. There are two types of categorical exclusions:

- a. Excluded activities that still **MUST** comply with the policies and regulations outlined in the previously mentioned Related Federal Laws and Authorities are listed in 58.50.

Example: Single family rehabilitation on up to four dwelling units where there is a maximum of four units on any one site.

If the project is categorically excluded according to item a. above, the subrecipient must do the following:

- 1) Document in the ERR, the process for making the categorically excluded determination.
- 2) To assure compliance with the Related Federal Laws and Authorities, complete the **Categorically Exclusion Projects Statutory Checklist**. Subrecipient must obtain SHPO concurrence on a project before proceeding with publishing if the project does not fall under the Programmatic Agreement (PA).

To assist with the completion of the Section 106 review for a project use the following forms and reference materials:

- **Section 106 Flowchart**
 - **Historic Preservation/Section 106 Consultation Checklist**
 - **Authorization for Alternate Signature**
 - **Excluded from State Historic Preservation Office Review**
 - **SHPO Submittal Checklist**
 - **Request for SHPO Comment on a Project**
 - **Iowa Site Inventory Form**
 - **Request for Iowa Site File Search**
- 3) Publish a **Notice of Intent to Request Release of Funds** (NOI/RROF), at least once in a local newspaper of general circulation. In cities where there is no newspaper of general circulation, notices must be displayed in the local post office and its substations. The public must be given at least seven days to comment before moving to the next step. The subrecipient **must use this form**, or its equivalent, to meet federal requirements.
 - 4) After the local/state 7-day comment period has elapsed, submit the **Request for Release of Funds and Certification HUD form 7015.15** to IFA along with the original proof of publication. IFA will forward it to HUD. The required 15-day federal comment will begin the date HUD receives the form from IFA.

IFA reviews and approves the **Notice of Intent to Request Release of Funds** (NOI/RROF) in the following manner:

IFA will insure the publication is consistent with the federal requirements by reviewing the publication for the following items:

- The title includes reference to **Notice of Intent to Request Release of Funds** (NOI/RROF).
- The dates for local and state or state and federal comment meet 24 CFR Part 58.45.
- The permission bases for objections are listed and are consistent with 24 CFR Part 58.75.
- If the publication is correct, it will be signed and dated by the environmental review officer. Once recorded, the publication and the request for release of funds will be filed in the project folder.

- b. Excluded activities that are **NOT** subject to the previously listed Related Federal Laws and Authorities for the purposes of this Guide include the following:

Activities to assist homebuyers with acquisition and rehabilitation do not fall under this category.

NOTE: If an amendment or change to the activity is proposed, the subrecipient must re-evaluate its environmental assessment (EA) findings of no significant impact. An amendment may include new circumstances and/or environmental conditions arising during implementation or if an alternative not considered in the original EA is selected. The reevaluation determines if the classification is still valid. If it is, but data or conditions have changed, the subrecipient must amend the original EA and update the ERR.

E. LABOR STANDARDS

1. CONTRACTOR ELIGIBILITY

Subrecipients must verify the eligibility status of all contractors and subcontractors prior to the construction contract being signed to ensure they are not listed on SAM (System for Award Management) and that they are an Iowa Registered Contractor. Requests for eligibility status must be submitted to IFA for approval on the **Request for Contractor Eligibility Form**. Draw requests for contractors/subcontractors that have not been cleared by IFA and deemed eligible will not be processed.

2. FEDERAL CONTRACT PROVISION LANGUAGE

The subrecipient must certify that all federal requirements listed in its contract with IFA are satisfied. Further, the certifications must be part of every contract and subcontract funded in whole or in part with HOME funding.

The subrecipient must ensure that all contracts include the following provisions, as applicable:

- Required civil rights provisions
- Executive Order 11246 for contracts in excess of \$10,000
- Section 3 of the Housing and Urban Development Act of 1968
- Guidance on Minority/Women's Business Enterprise
- Access to records by government officials
- Maintenance of records for five years
- Termination clause(s)
- Equal Access to Housing in HUD Programs-Regardless of Sexual Orientation or Gender Identity

F. LEAD SAFE HOUSING

1. REGULATIONS

The HOME Program is impacted by HUD's Lead Safe Housing Regulations. This legislation is formally known as the "Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Final Rule" (24 CFR, Part 35, et. Al). HUD has also issued "interpretive guidance" to Lead Safe Housing Regulations.

The subrecipient is encouraged to read and become familiar with the subparts of this legislation that apply to its activity. Be aware that more than one subpart may apply. If this is the case, the most restrictive subpart takes precedence. Everyone should become familiar with Subpart B (definitions of terms) and Subpart R (details specific requirements and procedures for reducing or abating lead-based paint hazards).

HUD's Lead Safe Housing Regulations apply to all residential property constructed prior to January 1, 1978 (commonly referred to as "target housing") being assisted with HUD funds. These requirements also apply to non-residential structures being converted into residential use (e.g. converting an old school building into multi-family, rental housing).

2. LEAD PROFESSIONALS NEEDED TO IMPLEMENT THE HUD REGULATIONS

Those trained and/or certified under IDPH's program are collectively referred to as lead professionals. Certain procedures or processes involved in the implementation of HUD's Lead Safe Housing Regulations can only be accomplished by lead professionals.

Lead professionals include persons or firms who conduct lead abatement (lead hazard abatement or lead paint abatement), lead inspections, elevated blood lead (EBL) inspections, lead hazard screens, risk assessments, visual risk assessments, clearance testing after lead abatement, clearance testing after interim controls, paint stabilization or standard treatments, on-going maintenance, or rehabilitation pursuant to 24 CFR 35.1340.

These lead services must be procured according to federal procurement requirements described in Section 3, G of this Guide.

3. CLEANING AND CLEARANCE TESTING

Directly related to occupant and worker protection is the thorough cleaning procedures necessary to pass the required clearance testing at the conclusion of any rehabilitation that disturbs painted surfaces (known or presumed to be lead-based paint) and/or any lead hazard reduction or abatement activity.

The preceding information is only a brief summary of the requirements. The subrecipient should become familiar with HUD's Lead Safe Housing Regulations (particularly Subparts B and R, and any other subpart applicable to the type of activity it is conducting if its project or activity involves target housing). The HUD Guidelines for the Control of Lead-Based Paint in Housing (made available to all individuals that have taken any of the IDPH's lead professional training and certification courses) is another valuable reference tool, particularly for procedural issues.

Remember there are varying requirements depending on the activity type the subrecipient is providing. Where one activity is subject to more than one subpart of the regulations, the more restrictive requirements apply. As the subrecipient conducts its activities that are subject to HUD's Lead Safe Housing Regulations, feel free to contact the assigned IFA Project Manager with questions.

G. PROCUREMENT AND CONFLICT OF INTEREST

1. PROCUREMENT

All subrecipients must follow the General Procurement Standards in 2 CFR §200.318.

2. CONFLICT OF INTEREST

Along with other requirements not mentioned in this Guide, this regulation states that non-Federal entity recipients must maintain written standards of conduct covering conflicts of interest, including organizational conflicts of interest. "Organizational conflicts of interest" means that, because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

3. MINORITY OR WOMEN-OWNED BUSINESSES

All projects utilizing HOME funding must take affirmative steps to use small businesses and minority- or women-owned businesses as sources of supplies, equipment, construction, and services. A searchable database of registered MBE's and WBE's is available at Department of Inspection and Appeals – Certified Targeted Small Business.

H. SPECIAL REQUIREMENTS FOR LOCAL GOVERNMENTS

Local government subrecipients of HOME awards need to:

- Adopt a **Policy on the Prohibition of the Use of Excessive Force** and a **Residential Anti-Displacement and Relocation Assistance Plan**. The subrecipient must submit adopted and signed copies of both documents to IFA before it can draw funds.
- Adopt an Equal Opportunity Policy and post it in a public place. See **Sample Equal Opportunity Policy Statement**.

Follow appropriate accounting and financial management procedures as required by 2 CFR Part 200. (For audit requirements, see Section 2 of this Guide.)

SECTION 4. AFTER RECEIPT OF AWARD

A. AWARD LETTER

The subrecipient will receive a conditional award letter. Upon receipt of the letter, the subrecipient must sign and return the Award Acceptance page acknowledging and accepting the award.

B. ATTEND MEETINGS/TRAINING SESSIONS

The subrecipient shall attend meetings/trainings as specified by IFA.

C. READ HOME HOMEBUYER GUIDE

D. CONTRACT DOCUMENTS

When the subrecipient receives the contract documents, it should review them carefully, obtain the required signature(s) and return it to the assigned IFA Project Manager. IFA will execute the contract and return a copy to the subrecipient.

E. BEGIN ENVIRONMENTAL REVIEW PROCESS

The environmental review process is required by federal law and has some built-in time constraints. The subrecipient should begin the environmental review immediately following receipt of the award letter. The subrecipient takes on the responsibility to evaluate how its project will affect the environment by complying with the requirements set out in 24 CFR Part 58.

NOTE: The subrecipient must have IFA's **Request for Release of Funds** letter **BEFORE** it starts the Homebuyer project.

F. NOTICE TO PROCEED

Only expenses incurred by the recipient after receipt of the **IFA Notice to Proceed Form** are eligible for reimbursement. (Applies to 2015 and newer projects.)

G. ADMINISTRATION PLAN

The subrecipient will prepare and submit its applicable Administration Plan and ensure the project's compliance with federal laws, regulations, state administrative rules provisions and providing its project "blueprint". The subrecipient must describe its operational policies, procedures and standards, and operation consistency. IFA will monitor the subrecipient's project based on its Administration Plan.

See the **Acquisition with Rehabilitation Assistance Project Administration Plan** or the **Homebuyer Down Payment/Closing Cost Assistance Project Administration Plan** if doing a homebuyer project.

H. AFFIRMATIVE FAIR HOUSING MARKETING PLAN

The subrecipient must prepare and submit its Affirmative Fair Marketing Plan.

I. PROCURE GENERAL ADMINISTRATION SERVICES AND TECHNICAL SERVICES

Homebuyer projects may require administration and technical services. If in-house staff perform the services, nothing further is required. If an outside entity is used, non-profit and local government subrecipients must procure such services through a competitive process, preferably from three or more firms or individuals. Ideally, the firms or individuals are familiar or experienced with HOME or similar programs, competent in the required technical areas and able to provide timely services.

SECTION 5. PREPARATION AND SUBMITTAL OF DRAWS

A. GENERAL INFORMATION

- If applicable, the subrecipient must first receive its Request of Funds letter from IFA.
- The subrecipient must receive an **IFA Notice to Proceed Form** from IFA. (Applies to 2015 and newer projects.)
- The subrecipient has 24 months from the contract effective date to expend all awarded HOME funds.
- Draw requests will not be processed before clearance of all applicable contract conditions.
- Draw requests must be in whole dollar amounts and for a minimum of \$500 dollars unless it is the final draw.
- Draw requests must not be made until funds are actually needed for payment. A request should be made only after work has been completed, inspected and deemed satisfactory.
- Draw requests must contain all supporting documentation for funds to be drawn.
- The subrecipient will be notified if the draw request is denied. IFA will inform the subrecipient of what needs to be corrected and re-submitted.
- If the draw request is approved, IFA will transfer the funds to the subrecipient through an electronic funds transfer (EFT).
- Funds must be disbursed at the local level within 10 working days of receipt from IFA.

B. ITEMS NEEDED PRIOR TO FIRST DRAW

These items have to be completed prior to the first draw (whether or not it is a regular fund draw or an administration fund draw).

- Administration Plan
- **Authorized Signature Form**
- **EFT (Electronic Funds Transfer) Form**
- Affirmative Fair Housing Marketing Plan approved by IFA

C. SUBMITTAL OF DRAWS FOR REGULAR FUNDS

1. COMPLETE **Homebuyer Set-Up Form** FOR EACH ADDRESS/ACTIVITY FOR THE PROJECT (only needed for first draw)

Project "set up" means the process of earmarking funds in the HUD federal financial management system. The subrecipient must complete a **Homebuyer Set-Up Form** for each individual homebuyer address/activity assisted. The set-up amount listed must be the estimated HOME funds that are going to be spent for that address.

Addresses/activities must be set up in whole dollar amounts (e.g. \$20,000, not \$20,000.25). Addresses will not be set up with HUD until the contract documents between IFA and the subrecipient have been executed.

2. COMPLETE **Draw Request Form (Regular Funds)** FOR ADDRESS/ACTIVITY
Complete the **Draw Request Form (Regular Funds)** and invoice documentation. Draws must be in whole dollar amounts and for a minimum of \$500 (unless it is the final draw).

3. SUBMIT DOCUMENTS TO IFA PROJECT MANAGER

Submit the documents to the assigned IFA Project Manager by email. If the draw is the **final** draw, the completed **Homebuyer Completion Form** must also be submitted for the applicable address.

D. SUBMITTAL OF DRAWS FOR ADMINISTRATION FUNDS

NOTE: Administration funds will be distributed proportionately to the subrecipient's drawdown of regular funds.

1. COMPLETE **DRAW REQUEST FORM (ADMINISTRATION FUNDS)**

Complete the **Draw Request Form (Administration Funds)** and attach supporting documentation. Draws must be in whole dollar amounts and for a minimum of \$500 (unless it is the final draw).

2. SUBMIT DOCUMENTS TO IFA PROJECT MANAGER

Submit the documents to the assigned IFA Project Manager by email mail.

SECTION 6. MONITORING REVIEW

Before the contract end date, the assigned IFA Project Manager will contact the subrecipient to set up a monitoring review which will include both a physical and file inspection. The purpose of this review is to assess the subrecipient's performance and compliance with HOME Program requirements.

The subrecipient will need to do the following to prepare for the visit:

- Give proper notification to the homebuyer
- Maintain well documented homebuyer and project records
- Document project progress
- Document actions take to satisfy the various federal/state requirements

SECTION 7. CLOSEOUT PROCESS

After all funds have been drawn and a completion report has been submitted for each activity, the assigned IFA Project Manager will determine if there are any remaining items that need to be provided prior to transferring the project to long-term compliance.

A. MATCH

All HOME projects containing eligible match funds must submit match information to IFA until all required match (as identified on Exhibit A of the HOME funding) has been contributed to the activity. HOME subrecipients must maintain complete and current records regarding all eligible match contributions.

The match forms below can be found on IFA's website, under the HOME Program:

- [Match Table - Eligible Forms, Calculations, Date of Contribution](#)
- [HOME Match Report with Instructions](#)

B. FINAL ALLOCATION COMPLIANCE LETTER

When all required documentation for the project has been satisfied, the recipient will receive an Initial Allocation Compliance Letter, Audit Letter, and a Final Allocation Compliance Letter. The Final Allocation Compliance Letter will include a summary of the subrecipient's project and activities.

NOTE: Although IFA may conclude that the subrecipient is in substantial compliance, the recipient's HOME Program records may be reviewed as part of IFA's annual audit by HUD, an independent auditor or the State Auditor's Office. Any of these audits could result in findings or conclusions that differ from those of IFA.

Once the Final Allocation Compliance Letter has been received, the subrecipient will continue to work with IFA's Long-Term Compliance Department for the remainder of the project's affordability period.